

AUDIT PLAN FY 2013-14 Second Quarter Status

Priority

1. SMALL BUSINESS/DISADVANTAGED BUSINESS ENTERPRISE (SB/DBE) REPORTING PROGRAM **IN PROGRESS/DRAFT REPORT ISSUED TO CEO**

Scope: Evaluate SB/DBE program and test accuracy of data reported as progress toward established goals.

Resources: 120 hours

Original Completion: November 1, 2013

Revised Completion: November 30, 2013

2. COMPLIANCE WITH THE PUBLIC RECORDS ACT (PRA) **ON HOLD**

Scope: Evaluate the process of responding to PRA requests. Determine whether the Authority complies with PRA response requirements and levies appropriate fees for requests. *Assignment on hold pending finalization of the policy and process.*

Resources: 120 hours

Original completion: November 1, 2013

Revised Completion: February 28, 2014

3. DRAFT AGREEMENT REVIEW **ONGOING**

Scope: Review draft contracts for applicable fiscal provisions. Review scope of work in contract to determine if scope is auditable, specifically if clearly defined with deliverables and due dates. Cost proposal is reviewed to assure it doesn't contradict the scope or method of payment.

Resources: 400 hours, 85 to date

Timeframe: Ongoing. 43 reviews completed as of 12/31/13. No findings, advisory comments provided.

4. PRENEGOTIATION REVIEWS (A&E) **IN PROCESS**

Scope: Consistent with State auditing processes, determine reasonableness of proposed cost elements (labor, overhead, other direct costs) in response to the RFQs for Regional Consultants (three contracts), *the Right of Way Engineering and Surveying contract and the Project and Construction Management Contract for CP2-3*. Attestation procedures will include obtaining most current information and analysis of actual costs compared to proposed amounts. Issues identified are communicated to Contract Manager via Memo for implementation of recommendations.

Resources: 600 hours, 140 to date

Completion: *Reviews complete for two Regional Consultant contracts and VERA agreement. Recommendations implemented by Contract Manager. Review in process for Sacramento to Merced Regional Consultant contract.*

Additional workload of five Right-of-Way Engineering and Surveying contracts in February and March 2014, and Project and Construction Management contract in April.

5. FISMA **COMPLETED**

Scope: Consistent with Department of Finance guidance, facilitate management's risk assessment. Risks identified will be presented to executive management team for risk ranking. Internal controls of highest risk areas will be documented and tested to allow executive management to determine if risks have been effectively mitigated.

Resources: 600 hours estimated, 128 actual

Completion: December 31, 2013

6. GRANT MANAGEMENT

Scope: *Assess Authority's compliance with grant provisions. Identify areas where grant compliance needs to be strengthened, if any.*

Resources: 1,000 hours.

Completion: June 30, 2014

Priorities 1 through 6 to be completed with existing staffing.

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7. PROGRESS REPORTS AND INVOICE REVIEW (BOARD REQUEST) **ON HOLD**

Scope: Test compliance of progress reports and invoices with annual work plan 5. Evaluate percent of completion of tasks to amounts invoiced. All primes will be reviewed, to include two progress reports, each year. A summary will be drafted for each prime reviewed. *Note: Assignment on hold until updated progress report process is developed and implemented by Regional Directors, estimated to be March 2014.*

Resources: *To be determined upon review of revised process,*

Estimated time to complete: *To be determined upon review of revised process*

8. CONSTRUCTION RELATED AUDITS

Scope: Audits will be timed to coincide with construction activities, currently expected to be late FY 13/14. Incurred cost audits – costs reimbursed by the Authority as well as internal controls (charging practices and invoicing processes). Audits assure federally eligible costs are reimbursed by Federal Railroad Administration. Change Orders – verify accuracy of costs for negotiated contract changes, as well as the application of overhead. *Invoice process – verify adherence to established processes from contractor invoice receipt through FRA reimbursement.*

Timeframe: Ongoing during construction

Completion: To be determined when staff vacancies are filled.

9. POST CONTRACT AUDITS (A&E)

Scope: Determine reasonableness and allowability of costs reimbursed under contract. Assess effectiveness and efficiency of contracted resources. Procedures will include interviews of Authority and consultant staff, obtaining technical expertise as necessary, analysis of value received for work performed, and reasonableness and allowability of reimbursed costs. Contracts will be selected based on risk factors of dollar value, number of contracts, and management requests.

Completion: To be determined when staff vacancies are filled.

10. AUDIT LIAISON **IN PROCESS**

Scope: Audit liaison for external auditors (Bureau of State Audits, Department of Finance, Government Accountability Office, etc.).

Timeframe: *Bureau of State Audits is performing the federal compliance portion of the Single Audit.*

Resources: *80 hours to date*

11. EFFECTIVENESS AND EFFICIENCY PERFORMANCE REVIEW(S)

Scope: To be determined based on FISMA, as well as reviews of new processes being developed in support of the Authority entering into the construction phase of the High Speed Rail Project.

Completion: To be determined when staff vacancies are filled.

12. YEAR END CLOSE REVIEW

Scope: Evaluate year-end close process and determine if process is adequate to ensure there are no material misstatements in the 2013 financial statements. Review accrual procedures for compliance with GASB and state year-end close requirements.

Completion: To be determined when staff vacancies are filled.

Note: Items in italics are changes from the prior status report.